

PLYMOUTH CITY COUNCIL

Subject: Updated report on Delivering the Co-operative Vision within a three year sustainable balanced budget and Proposed Council Tax Levels 2014/15

Committee: City Council

Date: 24 February 2014

Cabinet Member: Councillor Lowry

CMT Member: Tracey Lee (Chief Executive)

Author: Malcolm Coe, Assistant Director for Finance

Contact details
Tel: 01752 305428
email: malcolm.coe@plymouth.gov.uk

Ref:

Key Decision: No

Part: I

Purpose of the report:

The principle purpose of this report is to set out the decisions of Cabinet of 11 February 2014 to recommend a balanced Revenue Budget for 2014/15 within the three year 2014/15 - 2016/17 budget plan, and Capital Budget for 2014/15 - 2016/17. In addition, Council is recommended to note the Co-operative Council Financial Plan 2014 to 2017 which clarifies how the Council is managing and investing finances, and to approve the Treasury Management Strategy Statement and Annual Investment Strategy 2014/15, including changes to the prudential indicators. Council is also recommended to set the Council Tax amounts for 2014/15 as set out in this report.

This report is a technical requirement to present a balanced budget. As such, we have inevitably focussed on what changes we have had to enact to deliver our services with less resource. The co-operative council financial plan 2014 to 2017 provides detail on what we actually spend our money on, articulating spending priorities and translating the spend into real outcomes for our residents in terms of the services that they receive and our aspirations for the city.

The following appendices are included with this report:

Appendix 1	The Co-operative Council Finance Plan 2014 to 2017
Appendix 2	Cabinet minute and report: Delivering the Co-operative Vision within a three year sustainable balanced budget
Appendix 3	Cabinet's response to the scrutiny recommendations and the scrutiny report on Delivering the Co-operative Vision within a Three Year Sustainable Balanced Budget
Appendix 4	Treasury Management Strategy Statement and Annual Investment Strategy 2014/15

The Brilliant Co-operative Council Corporate Plan 2013/14 – 2016/17:

In July 2013, the Council adopted a new Corporate Plan, to be a Brilliant Co-operative Council. The plan contains ambitious objectives around the themes of Pioneering, Growing, Caring and Confident Plymouth. It focuses on Co-operative values which will inform the way that the Council goes about its business.

Setting a robust, reliable three year balanced budget is crucial for the council to deliver against its co-operative vision. With falling resources and increasing demand and costs on our services, it is imperative that a more strategic, and prioritised, approach is taken to medium term budget setting.

Implications for Medium Term Financial Plan and Resource Implications:

In broad terms, the revenue resource forecasts detailed in the December 2013 budget papers have not changed significantly for 2014/15 with a net benefit, compared to forecast, of circa £0.7m. However, there is a material change in indicative funding for 2015/16 with core revenue funding being £5.9m less than we anticipated.

Once approved this three year sustainable budget will become the base for the Medium Term Financial Forecast. As the Local Government funding environment remains highly volatile updates to Medium Term Financial Forecasts will be incorporated within quarterly monitoring throughout 2014/15 in order to factor in changes to estimates and spend commitments.

The 2014/15 revenue resources, as stated in the published budget papers, were £201.980m. Although the overall savings package for next year amounts to £16m, some of these transactions have to be treated as income along with other changes to resources as follows:

- £0.850m additional business rates from growth (transformation);
- £0.500m additional council tax from building more houses (transformation);
- £0.700m favourable resources through the settlement;
- £0.650m re-calculation of business rates incorporating pooling arrangements

Therefore, the final target revenue budget for 2014/15 is £204.680m. To achieve like for like comparison, target budgets have been stated pre the Senior Management restructure in late 2013. Relevant adjustments will be made early in the new financial year.

This budget requires, as detailed in the published papers, a council tax increase of 1.99 per cent in 2014/15.

In addition to Business Rate changes, we continue to review our Council Tax collection fund with the first call on any residue surplus being the need to top up reserves for redundancies, (linked to the council's voluntary release scheme), and pensions based on the tri-annual review which is due shortly (anticipating a pension shortfall)

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:

All actions being taken have been considered for their impact on: council priorities, legal obligations, customers and other services and partners. Each separate action has been risk assessed in terms of potential barriers to implementation with corresponding mitigation put in place.

Equality and Diversity

We have given due regard to our Public Sector Equality Duty for all relevant management actions and budget solutions that underpin this budget, our summary of this consideration was appended to Cabinet in February as a background paper. Wherever potential adverse impact is identified we will conduct a full Equality Impact Assessment.

Recommendations and Reasons for recommended action:

The City Council is recommended:

1. to adopt the “Co-operative Council Finance Plan 2014 to 2017 and its implications on the revenue and capital budget.
2. to agree that an additional allocation of £0.500m is added to the staff pay contingency for 2014/15;
3. to agree that the revenue contingency of £1.300m in the 2013/14 base budget is reduced to £1.000m for 2014/15;
4. to agree that additional resources as determined through the December 2013 settlement are deployed to the 2014/15 revenue budget as required (and detailed in this report)
5. to approve an increase of one point nine nine per cent (1.99%) in Council Tax for 2014/15;
6. to approve the proposed net revenue budget requirement for 2014/15 of £204.680m;
7. to approve the total capital budget of £207.670m for 2013 to 2017. Any changes to the overall capital funding available to be sanctioned by the Council’s Section 151 Officer;
8. to give delegated authority to the Leader, in consultation with the Cabinet Member for Finance and relevant portfolio holder, to commit to capital schemes within the overall affordability envelope, based on sound business cases;
9. to agree that all newly approved capital schemes are incorporated within regular public finance reporting;
10. using the Council tax base for 2014/15 as 67066.0 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the “Act”)]; to agree that the **Council tax requirement** for the Council’s own purposes for 2014/15 is £86,837,999;

11. to agree that the following amounts are calculated for the year 2014/15 in accordance with Sections 31 to 36 of the Act:

- a) £554,486,577 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act (**Gross Expenditure and Transfers to Reserves**);
- b) £467,648,578 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act (**Gross Income and Transfers from Reserves**);
- c) £86,837,999 being the amount by which the aggregate at 9(a) above exceeds the aggregate at 9(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its **Council tax requirement** for the year. (Item R in the formula in section 31B of the Act);
- d) £1,294.81 being the amount at 9(c) above (Item R), all divided by Item T (7 above), calculated by the Council, in accordance with Section 31B of the Act, as the **basic amount of its Council tax** for the year;

12. to note that the office of the Devon and Cornwall & Isles of Scilly Police Commissioner has issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area. These are included in the tables below, reflecting a 1.99% increase;

13. to note that the Devon and Somerset Fire Authority precepts are shown assuming a proposed 1.99% increase. The precept will be approved at their budget meeting to be held on the morning of 24 February 2014 where they will also consider accepting the Government's 1% Freeze Grant; if there are any changes as a result of that meeting this table will be amended and the revised figures will be presented in advance of Full Council;

14. in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, to set the indicative aggregate amounts shown in the tables below as the amounts of Council Tax for 2014/15 for each part of its area and for each of the categories of dwellings -

Plymouth City Council after one point nine nine per cent (1.99%) increase

A	B	C	D	E	F	G	H
£863.21	£1,007.07	£1,150.94	£1,294.81	£1,582.55	£1,870.28	£2,158.02	£2,589.62

Devon and Cornwall Police and Crime Commissioner after one point nine nine per cent (1.99%) increase

A	B	C	D	E	F	G	H
£110.77	£129.24	£147.70	£166.16	£203.08	£240.01	£276.93	£332.32

Devon and Somerset Fire Authority after one point nine nine per cent (1.99%) increase

A	B	C	D	E	F	G	H
£51.26	£59.81	£68.34	£76.89	£93.97	£111.07	£128.15	£153.78

Aggregate of Council Tax Requirements 2014/15

A	B	C	D	E	F	G	H
£1,025.24	£1,196.12	£1,366.98	£1,537.86	£1,879.60	£2,221.36	£2,563.10	£3,075.72

15. that in accordance with the principles approved under 52ZB of the Local Government Finance Act 1992, the Council's relevant basic amount of council tax for 2014/15 is not more than two per cent (2%) higher than the relevant basic amount of council tax for 2013/14 and that it is therefore determined that the Council's relevant basic amount of Council Tax for 2014/15 is not excessive and for this reason a referendum will not be required;
16. to agree the annual Treasury Management Strategy and Annual Investment Strategy 2014/15 (incorporating the authorised limits, operational boundaries and prudential indicators) as submitted.

Alternative options considered and rejected:

A one year financial planning horizon will not support the long term decision making required to deliver the objectives of the Corporate Plan. The Council's financial stability will be put at risk unless a transformative approach is taken to revising its delivery arrangements in the coming years.

We could present the budget and Council Tax level to a Full Council meeting in March, ahead of the statutory deadline of 31st March. However, this would give the tax payers in Plymouth very little advanced notice of the tax levels, and also make it difficult for our Revenues and Benefits department to ensure the required processes are in place to start collecting revenues as they become due;

Published work / information:

Delivering the Co-operative Vision within a 3 year sustainable balanced [budget](#) – December 2013

Delivering the Co-operative vision Council [report](#) Sept 2013

The Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) (England) [Regulations](#) 2003

Capital Financing [Regulations](#) (2012)

The Prudential [Code](#) for Capital Finance in Local Authorities (2011 edition)

Background papers:

None

Sign off:

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Originating SMT Member: Malcolm Coe													
Have the Cabinet Members agreed the contents of the report? Yes													